

WEIL, GOTSHAL & MANGES LLP
Stephen Karotkin (*pro hac vice* pending)
(stephen.karotkin@weil.com)
Jessica Liou (*pro hac vice* pending)
(jessica.liou@weil.com)
Matthew Goren (*pro hac vice* pending)
(matthew.goren@weil.com)
767 Fifth Avenue
New York, NY 10153-0119
Tel: 212 310 8000
Fax: 212 310 8007

CRAVATH, SWAINE & MOORE LLP
Paul H. Zumbro (*pro hac vice* pending)
(pzumbro@cravath.com)
Kevin J. Orsini (*pro hac vice* pending)
(korsini@cravath.com)
Omid H. Nasab (*pro hac vice* pending)
(onasab@cravath.com)
825 Eighth Avenue
New York, NY 10019
Tel: 212 474 1000
Fax: 212 474 3700

KELLER & BENVENUTTI LLP
Tobias S. Keller (#151445)
(tkeller@kellerbenvenutti.com)
Jane Kim (#298192)
(jkim@kellerbenvenutti.com)
650 California Street, Suite 1900
San Francisco, CA 94108
Tel: 415 496 6723
Fax: 650 636 9251

Proposed Attorneys for Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re: PG&E CORPORATION Tax I.D. No. 94-3234914	Debtor. Case Nos. 19 - _____ (____) 19 - _____ (____) Chapter 11 DECLARATION OF DAVID KURTZ IN SUPPORT OF DEBTORS' MOTION PURSUANT TO BANKRUPTCY CODE SECTIONS 105(A) AND 107(B) AND BANKRUPTCY RULE 9018 FOR ENTRY OF AN ORDER AUTHORIZING THE FILING UNDER SEAL OF THE PROPOSED DEBTOR-IN-POSSESSION FINANCING FEE LETTERS
In re: PACIFIC GAS AND ELECTRIC COMPANY Tax I.D. No. 94-0742640	Debtor. Date: Time: Place:

KURTZ DECLARATION RE: MOTION TO
FILE FEE LETTERS UNDER SEAL

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2 I, David Kurtz, pursuant to section 1746 of title 28 of the United States Code, hereby declare
3 that the following is true to the best of my knowledge, information, and belief:
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5 1. I am a Vice Chairman and the Global Head of the Restructuring Group of Lazard,
6 Frères & Co. LLC (“**Lazard**”) and one of the lead restructuring advisors to PG&E Corporation
7 (“**PG&E Corp.**”) and Pacific Gas and Electric Company, (the “**Utility**”), as debtors and debtors-in-
8 possession (collectively, “**PG&E**” or the “**Debtors**”) in the above-captioned Chapter 11 Cases (the
9 “**Chapter 11 Cases**”). I submit this declaration (the “**Declaration**”) in support of the *Debtors’ Motion*
10 *Pursuant to Bankruptcy Code Sections 105(a) and 107(b) and Bankruptcy Rule 9018 for Entry of an*
11 *Order Authorizing the Filing Under Seal of the Proposed Debtor-In-Possession Financing Fee Letters*
(the “**Motion**”).
12

13 2. The statements in this Declaration are, except where specifically noted, based on my
14 personal knowledge or opinion, on information that I have from PG&E’s books and records,
15 PG&E’s employees, PG&E’s advisors and their employees, or from other members of the Lazard
16 team working under my supervision or direction. Specifically, I have overseen a Lazard team which,
17 since November 2018, has been one of the principal advisors to PG&E concerning the possibility of
18 restructuring under chapter 11. More generally, my colleagues at Lazard have provided various
19 investment banking and financial advisory services to the Company for nearly a decade. In my
20 capacity as Global Head of the Restructuring Group of Lazard, I have been privy to and have
21 advised regarding PG&E’s decision to seek chapter 11 relief. I am not being specifically
22 compensated for this testimony other than through payments received by Lazard as a professional
23 whose retention the Debtors are seeking to obtain this Court’s approval of pursuant to an application
24 to be filed with this Court at a later date. I am over the age of 18 years and authorized to submit this
25 declaration on behalf of PG&E. If I were called upon to testify, I could and would competently
26 testify to the facts set forth herein.
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3. Following a competitive marketing process, the Debtors secured a commitment from a group of lenders (the “**Commitment Parties**”) to provide a senior secured superpriority debtor-in-possession credit facility in an aggregate principal amount of \$5,500,000,000 (the “**DIP Facilities**”).

4. In connection with the DIP Facilities, PG&E entered into the following fee letters with the Commitment Parties (together, the “**Fee Letters**”).

- i. Fee Letter, dated as of January 21, 2019, by and among the Utility and J.P. Morgan Securities LLC and acknowledged by Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Bank PLC and Citigroup Global Markets Inc.; and
 - ii. Fee Letter, dated as of January 21, 2019 (the “**Underwriting Fee Letter**”), by and among the Utility, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Bank PLC and Citigroup Global Markets Inc.

5. The Fee Letters contain highly sensitive, confidential commercial information about certain elements of the Commitment Parties' consideration for providing the DIP Facilities and agreed-upon market flex terms. Both lenders and borrowers are typically wary of disclosing fee arrangements in connection with financings, not only because disclosure could impact parties' ability to negotiate fees in the future, but also because the relationship among lenders and between the borrower and certain lenders may be affected. Market flex terms are particularly sensitive as well, as disclosure of these terms may impact the syndication process. As a result, fee letters in connection with financing transactions are almost always structured to prevent disclosure to third parties without lenders' consent. In the bankruptcy context, lenders are typically more willing to grant limited disclosure rights in recognition of debtors' public disclosure obligations.

6. The Fee Letters were the subject of arms'-length and good-faith negotiations between PG&E and the Commitment Parties, including with regards to PG&E's confidentiality requirements under the Fee Letters. In recognition of the sensitive nature of this information, the Debtors agreed not to seek to file the Fee Letters with this Court without obtaining a protective order. The Debtors are permitted, however, to file the Fee Letters with the Court under seal and provide copies of the Fee Letters (i) to the U.S. Trustee on a strictly confidential basis and (ii) to counsel and financial advisors

1 to any statutory committee appointed in the Chapter 11 Cases on a strictly confidential and
2 "professionals' eyes only" basis.

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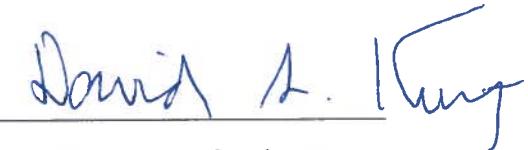
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1 I declare and verify under penalty of perjury that the foregoing is true and correct to the best
2 of my knowledge, information and belief.

3 Executed on this 29 day of January, 2019, at San Francisco, California.

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7 DAVID KURTZ, Declarant
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